

South Korea Data Center Server - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2030

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Report description:

The South Korea data center server market reached a value of USD 2.6 billion in the previous years, and it is further projected to register a CAGR of 8.4% during the forecast period. The increasing demand for cloud computing among (small and medium-sized enterprises) SMEs, government regulations for local data security, and growing investment by domestic players are some of the major factors driving the demand for data centers in the country/region.

Key Highlights

- Under Construction IT Load Capacity: The upcoming IT load capacity of the South Korea data center market is expected to reach 2045.3 MW by 2029.
- Under Construction Raised Floor Space: The country's construction of raised floor area is expected to increase to 5.7 million sq. ft by 2029.
- Planned Racks: The country's total number of racks to be installed is expected to reach 285.8K units by 2029. Greater Seoul is expected to house the maximum number of racks by 2029.
- Planned Submarine Cables: There are close to 10 submarine cable systems connecting South Korea, and many are under construction. One such submarine cable that is estimated to start service in 2025 is Bridge One, which stretches over 330 Kilometers with landing points from Pohang, South Korea.

South Korea Data Center Server Market Trends

BFSI to Hold Significant Growth

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- In South Korea, with the rise of online banking and mobile payment systems, financial institutions are able to process transactions quickly and securely. Data centers provide the high-speed connectivity and processing power needed to ensure that transactions are processed in real-time, reducing the risk of errors or delays. Such factors lead to a major demand for servers for better computing.
- In 2022, there were around 207 million registered online banking customers in South Korea, showing an increase from the previous year. While the number of online banking customers was around 75 million in 2011, the number has more than doubled.
- The country's banking sector has always been known to embrace digital transformation. Recently, the sector has committed USD 492.7 million for digitization plans. South Korea has an advanced and profitable financial services sector, including Asia's third-largest insurance and banking markets.
- The government announced its plans to turn Seoul into a 'fintech test bed,' which could further boost the demand for data centers and servers from the Banking, Financial Services, and Insurance (BFSI) segment. Korean banks are preparing for digitization by accelerating the closure of their branches nationwide. This move also aims to cut fixed costs to free up money to invest in growing digital businesses. Currently, only fewer people visit branches due to the growing popularity of mobile banking platforms. Such trends may drive the demand for data centers from the BFSI segment in the coming years, leading to major demand for the servers.

Rack Server to Hold Significant Share

- Rack servers are compact and efficient devices that can handle a variety of computing tasks and are commonly used in data center environments where space is at a premium. In South Korea, various end-user prefers rack server as it is more cost-effective than blade servers, especially for organizations that don't require the high density and modularity of blade server solutions.
- The Korean government has decided to lower the barriers to entry for cloud computing services in the country. Due to this move, foreign tech giants such as Amazon and Microsoft are expected to provide major demand for the rack servers. Despite growing concerns among KT, Naver, NHN, and other domestic cloud service providers over the possibility of foreign firms gaining dominance in the local market, tech firms from the United States and China have welcomed the proposed easing of regulations and are starting to look for experts in cloud computing services for the public sector.
- The government investment in the digital roadmap is expected to increase data center construction, leading to major demand for rack servers. Rack servers come in various configurations, including single-socket and dual-socket models, and can be customized to meet specific performance, storage, and networking requirements.
- In June 2021, the Korean government announced its Digital Government Masterplan 2021-2025, a roadmap to implement intelligent service design and delivery, data-driven public administration, and robust and inclusive digital infrastructure, strengthening weaknesses identified by the DGI. The government seeks to continue building an inclusive digital ecosystem for public data and public services, and the need for data centers of all categories will lead to the demand for rack servers.
- South Korea is also at the forefront of new communication technology advances, such as 6G. It operates in a highly competitive but stable market, with substantial government backing driving the rollout of modern infrastructure in both the fixed and mobile sectors. Such a factor is expected to drive the market demand with increased network traffic.

South Korea Data Center Server Industry Overview

South Korea data center server market is consolidated among the players and has gained a competitive edge in recent years. A few major players are Hewlett Packard Enterprise, Dell Inc., IBM Korea Inc., and others. These major players with a prominent market share focus on expanding their customer base across the region. These companies leverage strategic collaborative initiatives to increase their market share and profitability.

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In July 2023, Supermicro, Inc. announced several new servers to its already broad application-optimized product line. These new servers incorporate the new AmpereOne CPU, with up to 192 single-threaded cores and up to 4 TB of memory capacity. Applications such as databases, telco edge, web servers, caching services, media encoding, and video gaming streaming will benefit from increased cores, faster memory access, higher performance per watt, scalable power management, and the new cloud security features.

In October 2022, Inspur Information announced its Korean subsidiary built an advanced artificial intelligence (AI) server architecture platform for Upstage, one of the prominent AI companies based in Korea. A single machine is capable of delivering 5 Petaflops of AI performance, which is key to why Inspur solutions were selected by Upstage.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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